

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application by SBC Communications Inc.)	WC Docket No. 02-306
for Authorization under Section 271)	
of the Communications Act to)	
Provide In-Region, InterLATA Service)	
in the State of California)	

**Comments of
Communications Workers of America**

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I. Introduction

The Communications Workers of America (CWA) submits these comments in support of SBC's application for authority under Section 271 of the Communications Act to provide in-region, interLATA service in California. After an exhaustive six-year review, the Public Utilities Commission (PUC) of California determined that Pacific Bell/SBC ("Pacific") has substantially met the checklist requirements of Section 271 of the Communications Act to open the local market to competition.¹ Further, Pacific's performance monitoring plan provides adequate safeguards against backsliding by Pacific and creates incentives for Pacific to engage in continuous improvement of its wholesale services.

Pacific's entry into the long-distance market in California is in the public interest. First, it will increase competition in the long-distance market, particularly for residential consumers. Based on the experience of consumers after Bell Operating Company (BOC) entry into the long-distance market in 22 states for which BOCs have received section 271 approval, Pacific's entry into long-distance in California will lead to lower prices and new service offerings. Second, Pacific's entry into the long-distance market will promote the important goal of the 1996 Telecommunications Act to create good, high-wage jobs in the telecommunications industry.

¹ Public Utilities Commission of the State of California, Decision on the Commission's Own Motion to Govern Open Access, Decision 02-09-050, Sept. 19, 2002, 1.

CWA is in a unique position to comment on Pacific's long-distance application in California. CWA represents more than 35,000 employees at Pacific Bell in California.² CWA also represents employees at AT&T, primarily in its long-distance operations, but also in some local service and cable operations. Because CWA represents employees in all segments of the telecommunications industry, CWA must base its position regarding an application by a BOC to provide long-distance services on the factual evidence regarding Section 271 compliance as well as on the public interest merits of the application.

Based on the evidence, it is clear that in California, Pacific has satisfied the market opening requirements of Section 271 and that the public interest will be served by its entry into long-distance. Therefore, CWA supports Commission approval of SBC's application in this proceeding.

II. Pacific Bell Has Met the Market Opening Requirements of Section 271

The empirical evidence is overwhelming that Pacific has met the requirements of Section 271 of the Communications Act to open its local network to competition. In California, competitors serve at least 2.3 million access lines in Pacific's serving area, more than three-quarters a million of which are provided to residential customers. This represents a

² CWA Membership Report, Sept. 2002. Nationally, CWA represents more than 730,000 employees who work in telecommunications and other public and private sector organizations. In total, CWA represents more than 110,000 SBC employees.

market share of 13 percent.³ While competitors are serving most of those lines over their own facilities, Pacific has provided competitors with 220,000 UNE-platforms and an additional 151,000 lines using resale. Competitors have obtained approximately 1.29 million interconnection trunks, which they are using to exchange with Pacific approximately six billion minutes of traffic each month. The level of competition in California far exceeds the levels in New York and Texas (the two largest states for which the Commission has approved section 271 applications) when applications for those states were filed.⁴

Further, Pacific's Operations Support Systems (OSS) are handling increasing commercial volumes in California, volumes that are substantially higher than SWBT's OSS handled at the time of SWBT's 271 applications in Texas.⁵ Moreover, after 18 months of testing, the California PUC concluded, "Pacific has successfully passed the independent third-party test of its Operations Support system (OSS)" and that Pacific's OSS has demonstrated "strong performance results..across numerous service categories."⁶

As the Commission noted in approving Bell Atlantic's entry into the long-distance market in New York, parity with retail performance, rather than perfection, meets the

³ SBC explains this is a conservative estimate based on the E911 database, which reflects only lines from which outbound calls can be made. A higher estimate of 3.9 million access lines, or 18 percent market share, is based on the number of interconnection trunks provided to competitors multiplied by 2.75. *See* Brief in Support of Application by SBC for Provision of In-Region, InterLATA Services in California ("SBC Application"), In the Matter of Application by SBC Communications, Inc., Pacific Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services in California, , WC Docket No. 02-306, Sept. 20, 2002, i, 10.

⁴ *Id.*, i, 10-11.

⁵ *Id.*, 35.

checklist requirement of non-discriminatory access.⁷ While CWA supports regulatory efforts to ensure that Pacific provides high-quality service in both its retail and wholesale operations, in the context of this Section 271 application the record is clear that Pacific is providing service at or above parity with its retail operations, and therefore is in compliance with each and every checklist item.

III. Pacific Bell Entry into Long-Distance Is in the Public Interest

Pacific has met the requirements of the 1996 Act to open its local market in California to competition. The Commission need not fear backsliding by Pacific. The California PUC has approved performance plans that require Pacific annually to put at risk over \$50 million per month if Pacific fails to meet the rigorous performance standards.⁸ These self-executing mechanisms adhere to the guidelines established by this Commission in previous Section 271 proceedings. Moreover, the financial liabilities for non-compliance, as a percentage of net revenue, are approximately the same liability that has been approved by this Commission in previous 271 Orders.⁹

The experience in the other 22 states in which BOCs currently provide in-region long-distance service demonstrates that consumers, particularly residential consumers, benefit from BOC entry into the long-distance market.

⁶ *Id.*, 2.

⁷ Memorandum Opinion and Order, Application by Bell Atlantic-New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Services in the State of New York, CC Docket No. 99-295, FCC 99-404, Dec. 22, 1999 (rel), 176 (.New York Order).

⁸ SBC Application, v.

In the 22 states in which they already have authority to provide long-distance service, SBC, Verizon and BellSouth offer customers a low per-minute charge with no monthly minimum or monthly recurring charge, all on a single bill. In response to the BOCs' long-distance rate plans and all-inclusive bill, AT&T, MCI WorldCom, and Sprint began to offer discounts on their long-distance plans to customers who signed up for local service and reduced intrastate rates. A recent study of the consumer-welfare benefits from BOC entry into long-distance markets in New York and Texas found that average consumers saved nine percent on their monthly interLATA bills in New York and 23 percent in Texas. The authors also found that competitors have a substantially higher share of the local market in states where BOC entry has occurred.¹⁰ The Commission's own Local Telephone Competition Report confirms that states with long-distance approval show the greatest competitive entry into the local market.¹¹

In addition, Pacific's entry into long-distance is in the public interest because it will stimulate the growth of high-skilled, good jobs in California.

⁹ *Id.*, 91.

¹⁰ SBC Application, 83 citing Jerry A. Hausman, Gregory K. Leonard, and J. Gregory Sidak, *The Consumer-Welfare Benefits from Bell Company Entry into Long-Distance Telecommunications: Empirical Evidence from New York and Texas*, Jan. 9, 2002 (available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=28951).

¹¹ FCC, *Local Telephone Competition: Status as of June 30, 2001*, Feb. 27, 2002. In the states with longest exposure to BOC competition, competitors served 23% of local lines in NY, 14% of local lines in Texas, 13% of local lines in Pennsylvania, and 12% of local lines in Massachusetts compared to 9% nationwide.

IV. Conclusion

The Commission should approve Pacific's application to provide in-region, inter-LATA service in California. Pacific has demonstrated that it has met Section 271's market-opening requirements in both states. Pacific's entry into long-distance in these markets will benefit consumers with greater choice, lower prices, and new service offerings. Finally, Pacific's entry into long-distance in these states will stimulate the growth of high-skilled, good jobs.

Respectfully Submitted,

Communications Workers of America

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Dated: Oct. 9, 2002

CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties by depositing copies of same in the United States mail, addressed as follows:

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